

Message Text

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NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

SAJ-01 EB-11 SS-20 NSC-10 OMB-01 DRC-01 /124 W

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FM USMISSION NATO

TO SECSTATE WASHDC 2613

SECDEF WASHDC

INFO ALL NATO CAPITALS 3434

C O N F I D E N T I A L SECTION 1 OF 2 USNATO 5423

E.O. 11652: GDS, 12/31/79

TAGS: MCAP, NATO

SUBJECT: BURDEN SHARING: 8 NOV 73 NAC DISCUSSION OF STUDY GROUP
REPORT, C-M(73)93

REF: A) STATE 220108: B) USNATO 5337

SUMMARY: NOV 8 NAC MEETING ON BURDEN SHARING WAS ENCOURAGING
DEMONSTRATION THAT SEVERAL ALLIANCE MEMBERS HAVE RECOGNIZED
U.S. MILITARY BOP DEFICIT AS A SERIOUS PROBLEM WHICH EUROPEANS
MUST ADDRESS TO MAINTAIN INDISPENSABLE U.S. MILIARY
COMMITMENT TO NORTH ATLANTIC DEFENSE. ALL COUNCIL MEMBERS WHO
SPOKE PRAISED THOROUGHNESS AND OBJECTIVITY OF BURDEN SHARING
STUDY GROUP REPORT, AND MOST STATED THEIR GOVERNMENT MACHINERY
STUDYING OPTIONS WITH URGENCY TO DETERMINE WHICH MOST FEASIBLE
FROM NATIONAL POINT OF VIEW. TO ASSURE NATO ORGANIZATIONAL
STRUCTURE WOULD CONTRIBUTE TO ACTION FOR RESOLUTION OF PROBLEM,
CHAIRMAN PROPOSED NATO BUDGET COMMITTEES BE DIRECTED TO
BEGIN WORK IMMEDIATELY TO COME FORWARD WITH RECOMMENDATIONS
TO REDUCE BURDEN ON THE U.S. END SUMMARY.

1. CHAIRMAN (PANSA) BEGAN MEETING BY EMPHASIZING PRESSURE OF
TIME TO ARRIVEAT DRAFT REPORT FOR MINISTERS BY END OF NOVEMBER.
HE FOCUSED ATTENTION IMMEDIATELY ON OPTIONS AND INVITED COUNCIL
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MEMBERS TO STATE MEASURES BEING TAKEN BY THEIR GOVERNMENTS TO
ASSURE EXPEDITIOUS ACTION ON SOLUTION TO PRESSING PROBLEM.

2. MOST SPECIFIC CONTRIBUTIONS MADE BY DE STAERCKE (BELGIUM),

BUWALDA (NETHERLANDS), AND BUSCH (NORWAY) STRESSED IMPORTANCE OF KEEPING U.S. TROOPS IN EUROPE AND NECESSITY IMPOSED BY JACKSON-NUNN AMENDMENT FOR EUROPEANS TO DEAL WITH PROBLEM. DE STAERCKE SAID MATTER BEING DEALT WITH ON PRIORITY BASIS AT INTER-MINISTERIAL LEVEL IN BRUSSELS AND THAT CONSTRUCTIVE PROPOSALS SHOULD BE FORTHCOMING WITHIN TEN DAYS. BELGIAN THINKING THUS FAR IS THAT PERHAPS EACH COUNTRY SHOULD NEGOTIATE BILATERALLY WITH U.S. TO COVER ITS OWN DEFICIT. IN BELGIAN VIEW, BEST PROSPECT FOR MULTILATERAL ACTION TO COVER ADDITIONAL BUDGETARY COSTS OF STATIONING U.S. FORCES IN EUROPE WOULD BE TO PROVIDE RELIEF ON VARIOUS NATO BUDGETS, MAINLY THE MILITARY, CIVIL, INFRASTRUCTURE AND CENTRAL EUROPE PIPELINE BUDGETS. BUWALDA ECHOED BELGIAN VIEW AND SAID AS SPECIFIC MEASURE NETHERLANDS WOULD BE ABLE TO INCREASE MILITARY PURCHASES IN U.S. NETHERLANDS HAD EARLIER REPORTED TO STUDY GROUP PLANS TO SPEND \$93 MILLION IN CALENDAR YEAR 1974 FOR MILITARY PURCHASES FROM THE US. BUSCH SAID THAT, ALTHOUGH HIS COUNTRY HAD SMALL POPULATION AND RESOURCES IN RELATION TO ITS LARGE EXPOSED GEOGRAPHY, IT COULD CONTRIBUTE BY INCREASED MILITARY PURCHASES IN U.S. AND BY AGREEING TO CHANGE IN U.S. INFRASTRUCTURE SHARE, ENLARGEMENT OF EDIP, AND REDUCTION OF U.S. SHARE IN OTHER NATO BUDGETS.

3. OTHER COUNCIL MEMBERS HAD LESS SPECIFIC COMMENTS. CATALANO (ITALY) NOTED COMPLEXITY OF STUDY GROUP REPORT AND SUGGESTED THAT MATTER COULD BE SIMPLIFIED BY ELIMINATING OPTIONS WHICH SEEMED UNACCEPTABLE TO ALL EUROPEAN MEMBERS. SPECIFICALLY, CATALANO SUGGESTED ELIMINATING OPTION X, FINANCIAL LOANS, AND OPTION XI, MULTILATERAL FUNDING SCHEMES, SINCE THEY WERE COMPLICATED AND COULD BE WORKED OUT ONLY WITH CONSIDERABLE DELAY AND DIFFICULTY. KRAPP (GERMANY) SAID FRG CONSIDERS BILATERAL OFFSET AGREEMENT AND FORCE IMPROVEMENT ITS MOST IMPORTANT CONTRIBUTION, BUT THAT IT COULD PARTICIPATE IN INFRASTRUCTURE SOLUTION IF OTHER MEMBER COUNTRIES PREPARED TO DO SO.

4. PECK (UK), MENZIES (CANADA), AND ERALP (TURKEY) ALL SPOKE, BUT WITHOUT ANY SUGGESTION AS TO HOW THEIR GOVERNMENTS MIGHT BE HELPFUL. PECK COMMENTED BRIEFLY ON FACTS AND FIGURES IN THE CONFIDENTIAL

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REPORT, STRESSING PROBABLE FUTURE DEVELOPMENTS, PARTICULARLY IMPROVING TREND IN OVERALL U.S. BOP. HE STRESSED IMPORTANCE OF DEFENSE EFFORT ALREADY BEING MADE BY EUROPEANS, NOTING THAT U.K. SPENDS 5.5 PERCENT OF GNP ON DEFENSE. PECK EXPRESSED SATISFACTION STUDY GROUP REPORT INCLUDED DATA ON BURDEN BEING BORNE BY U. K., WHICH HAS OVERALL AND MILITARY BOP DEFICITS PROPORTIONALLY GREATER THAN THOSE OF U.S. THEREFORE, HE ASSUMED U.K. WOULD NOT BE EXPECTED TO PARTICIPATE IN MULTILATERAL SCHEME SUCH AS OPTION XI, MULTILATERAL FUNDING. MENZIES IN EFFECT, DIVORCED CANADIAN GOVERNMENT FROM MULTILATERAL PROBLEM BY CONCLUDING CANADA INVOLVED IN BURDEN SHARING IN A NORTH AMERICAN BILATERAL CONTEXT. TO SUPPORT POSITION HE DWELT AT SOME LENGTH ON ARRANGEMENTS FOR DEFENSE OF NORTH AMERICAN

REGION OF NATO, INCLUDING DEFENSE PRODUCTION SHARING AND LARGE NUMBER OF AGREEMENTS FOR JOINT NORTH AMERICAN DEFENSE. ERALP STATED THAT AS A DEVELOPINGCOUNTRY COUNTRY ALREADY DEVOTING 5.5 PERCENT OF GNP TO DEFENSE TURKEY CANNOT ENVISAGE CONTRIBUTING DIRECTLY TO ANY FINANCIAL ARRANGEMENTS. HE STATED THAT TURKEY IS SHARING BURDEN TO LIMIT POSSIBLE BY "RECEIVING DECREASING LEVELS OF U.S. MILITARY AID "AND BY INCREASING PURCHASES OF U.S. MILITARY MATERIAL IN THE U.S. HE STRESSED GREAT IMPORTANCE TURKEY ATTACHES TO EDIP AND NEW INFRASTRUCTURE PROGRAM, WHICH HIS GOVERNMENT WOULD LIKE TO SEE EXPANDED.

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C O N F I D E N T I A L SECTION 2 OF 2 USNATO 5423

PANSA CONCLUDED THE MEETING BY CHARACTERIZING THE DISCUSSION AS AN ENCOURAGING BEGINNING. HE SUGGESTED THAT IN ADDITION TO ANY EUROGROUP CONSIDERATION OF THE PROBLEM, NATO USE EXISTING MACHINERY TO TRANSLATE SUGGESTIONS ALREADY MADE INTO ACTION. HE PROPOSED THAT WORK BEGIN IMMEDIATELY ON MATTER OF REDUTION IN U.S. SHARES COVERED BY OPTIONS V AND VIII IN APPROPRIATE NATO COMMITTEES: INFRASTRUCTUE, MILITARY BUDGET, CIVIL BUDGET, AND CENTRAL EUROPEAN PIPELINE POLICY.

6. COMMENT: MISSION PROPOSES TO PUSH WITHIN APPROPRIATE COMMITTEES FOR FOLLOWING:

A. INFRASTRUCTURE-REDUCTION OF U.S. SHARE OF INFRASTRUCTURE PROGRAM FROM CURRENT 30 PERCENT TO 20 PERCENT.

B. MILITARY BUDGET-ONE-THIRD REDUCTION IN CURRENT U.S. SHARE (FROM 30 PERCENT TO 20 PERCENT ON 14 NATION BASIS).

C. CIVIL BUDGET-ONE-THIRD REDUCTIONS IN CURRENT U.S. SHARE (FROM 24 PERCENT TO 16 PERCENT).

D. CENTRAL EUROPEAN PIPELINE (CEPS)-ELIMINATION OF
U.S. SHARE OF DEFICIT, WITH REDUCTION IN U.S.
SHARE FROM CURRENT 36 PERCENT TO 10 PERCENT, AS
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POSSIBLE FALLBACK. END COMMENT.

7. REQUEST GUIDANCE BY COB NOVEMBER 12.
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